DOCUMENT RESUME

ED 206 559 SO 013 593

TITLE Teaching Economics in the Elementary Grades.
INSTITUTION Texas Education Agency, Austin. Div. of Curriculum Development.
PUB DATE 81
NOTE 144p.
AVAILABLE FROM Texas Education Agency, Division of Curriculum Development, 201 East 11th Street, Austin, TX 78701 ($2.00).

EDRS PRICE MF01/PC06 Plus Postage.
DESCRIPTORS Concept Teaching; *Curriculum Development; *Economics Education; Educational Objectives; Elementary Education; Learning Activities; Teaching Guides

ABSTRACT

This publication is designed to help elementary teachers incorporate economics, including free enterprise education, in their curriculum. It is hoped that such instruction will help students acquire economic skills and knowledge for making decisions as citizens of their city, state, and nation. The publication consists of three major parts. Part I provides background information for teachers including a brief summary of what economics is all about and an explanation of basic economics concepts. Part II contains suggested goals and objectives for economic instruction, economic ideas, and a sampling of activities designed to introduce these ideas in a concrete manner. Part III contains additional activities designed to extend and enrich the students' understanding of economics. (Author/RM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED206559

SP013593

TEACHING ECONOMICS IN THE ELEMENTARY GRADES

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

This Texas Education Agency publication is not copyrighted, and any or all sections may be duplicated.

After an initial distribution to authorized institutions, additional copies may be purchased for $2.00 from the Publications Distribution Center, Texas Education Agency.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Linda Kemp

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

1981

Division of Curriculum Development
Texas Education Agency
201 East 11th Street
Austin, Texas 78701

SP013593

TEXAS EDUCATION AGENCY

STATE BOARD OF EDUCATION
(State Board for Vocational Education)

JOE KELLY BUTLER, Houston
Chairman

W.H. FETTER, La Marque
Vice Chairman

PAUL MATHEWS, Greenville
Secretary

MRS. ELIZABETH R. ARMSTRONG, Lake Jackson
VOLLY BASTINE, JR., Houston
JAMES M. BINION, Abilene
W.W. CARTER, Amarillo
DON H. COOK, D.D.S., Mesquite
BRYAN CROUCH, Poteet
DR. VIRGINIA CURREY, Arlington
JIMMY L. ELROD, San Antonio
MIKE FERNANDEZ, Jr., San Antonio
WAYNE FREDERICK, Orange
E.R. GREGG, JR., Jacksonville

RUBEN E. HINOJOSA, Mercedes
JIM HOLLINGSWORTH, De Soto
WILLIAM N. KEMP, O.D., Houston
MRS. MARY ANN LEVERIDGE, East Bernard
REX REDDELL, San Marcos
PAUL M. STEVENS, Fort Worth
MRS. LAURA TYNES, Waco
MRS. MARJORY VICKERY, Lewisville
JAMES H. WHITESIDE, Lubbock
WAYNE WINDLE, El Paso

RAYMON L. BYNUM, Commissioner of Education
(Executive Officer of the State Board of Education)

GRACE S. GRIMES, Deputy Commissioner
for Planning/Accreditation,
Professional and Program Development

Deputy Commissioner,
for Program Administration and Finance

DOROTHY DAVIDSON, Associate Commissioner
for General Education

LEROY F. PSENCIK, Director
Division of Curriculum Development

Social Studies Section
LOUIS GRIGAR
Program Director

ROBERTA RAITHEL
Consultant

ELVIN TYRONE
Consultant

PAT FOLMAR ROBINSON, Educational Writer
Division of Curriculum Development

FOREWORD

A major goal of public education in Texas is to develop economic competency of students. To meet this goal, young people must understand our American free enterprise system and the way the system functions. An effective economic education program begins in the elementary grades where basic economic concepts and understandings can be introduced to students.

This publication is directed to teachers and is designed to help them incorporate economics including free enterprise education in their curriculum. The hope is that such instruction will help students acquire economic skills and knowledge for making decisions as citizens of their city, state, and nation.

Raymon L. Bynum

Commissioner of Education

State Board of Education

(State Board for Vocational Education)

ACKNOWLEDGMENTS

The Texas Education Agency expresses appreciation to the Oklahoma State Department of Education for granting permission to adapt its publication, Economic Education Curriculum Guide, K-12, in the development of this document. The original 1975 publication was prepared by the Oklahoma State Economic Education Committee and Curriculum Improvement Committee in cooperation with the Oklahoma Council for Economic Education.

ORGANIZATION OF PUBLICATION

The organization of Teaching Economics in the Elementary Grades is intended to make teachers' use and reference as convenient as possible. The publication consists of three major parts. Part I provides background information for teachers including a brief summary of what economics is all about and an explanation of basic economics concepts. Part II, labeled Level One, contains suggested goals and objectives for economic instruction, economic ideas, and a sampling of activities designed to introduce, in a concrete manner, these ideas. Part III, labeled Level Two, contains the same kind of information as presented in Level One but is designed to extend and enrich the students' understanding of economics.

Teachers are encouraged to use both the ideas in this publication and their own ideas, activities, and materials, adapting them to meet the needs, interests, and abilities of students in their classrooms.

CONTENTS

An Introduction To Economics and the American Free Enterprise System.....1

Instructional Units, Level One.....9

Instructional Units, Level Two.....33

Glossary of Terms.....63

AN INTRODUCTION TO ECONOMICS AND THE AMERICAN FREE ENTERPRISE SYSTEM

As a teacher of economics and the free enterprise system, you will be helping students develop a variety of concepts that will assist them in organizing and understanding data. The following is background information to help you in your task. Activities for teaching the concepts, or economic ideas, are included on pages 9-62.

Economic Wants

Every country has a common economic problem. It has limited resources for satisfying the people's unlimited wants for economic goods and services. Moreover, new inventions—applied in production and marketing systems—are making possible more and more new products such as microwave ovens, pocket computers, and supersonic transports that appeal to our "wants." All of us have to make choices, and the study of economics is primarily concerned with our making the best possible choices for the optimal use of available resources.

By definition, economic goods and services are so scarce that people will pay for them. Ice cream cones, hamburgers, cars, haircuts, and education are in this category; but the air we normally breathe is not.

As individuals, we have wants for items such as clothing, combs, and toothbrushes. As a family, we desire housing and appliances. As citizens, we join together in buying schools, parks, fire stations, highways, and other public services.

Students will find it is easy to distinguish between *economic goods* (such as tables, houses, and toys) and *economic services* (such as fire protection, education, haircuts, and auto repair labor). This distinction is important because a majority of American workers are producers of economic services.

SCARCITY AND THE NEED FOR DECISION MAKING

New inventions and technological innovations often permit more efficient use of the resources than were previously available to a society, but there are never enough resources to satisfy all of the never-ending wants of people. Because we cannot have everything we want, *scarcity* is an economic fact of life.

As individuals, we have to make choices among the alternative ways we can use our time and spend our money. Similarly, through our elected representatives, we have to make difficult decisions about how our neighborhood, city, state, and nation can best use their available resources to provide desired services.

Whenever a resource is used for one purpose, it is obviously no longer available for other uses. A family may have to postpone a vacation trip because the house needs a new roof. If a child uses 25¢ to buy an ice cream cone, he or she foregoes the opportunity of placing this same money in a savings account. If a nation commits $100 million of production for military facilities and equipment, it loses the opportunity of using these particular funds to support education and other public services. Therefore, economists refer to the real cost of using scarce resources in a particular way as *opportunity cost* because we forego opportunities for other uses of the same resources.

In the market place and in the voting booth, each new generation of American citizens must make continual decisions about the use of

scarce resources. Basic decisions about *resource allocation* must be made by individuals, families, private organizations, and all levels of government. The proportion of resources to be used for private consumption (e.g., cars and clothing) versus public use (e.g., roads, parks, and schools) is never fixed as citizens continually reassess the opportunity costs involved.

NEED FOR AN ECONOMIC SYSTEM

Every society must adopt some form of economic system to resolve the basic problem of scarce resources to serve the unlimited wants of its people. More specifically, a society must establish a system for determining:

- *What* goods and services shall be produced?
  The economic system will determine how much emphasis will be given to producing capital goods such as buildings and equipment versus consumer goods; military goods versus civilian goods; private goods and services versus public goods and services; and specific items such as the particular kinds of boy's shirts and girl's dresses.

- *How* shall goods be produced?
  The economic system will determine which persons will be involved in producing the various goods and services. The system will also determine which materials, equipment, and techniques will be used.

- *For whom* are goods to be produced?
  The economic system will determine how a nation's total production will be divided among individuals, families, and groups.

Primitive societies often resolve the "what?, how?, and for whom?" questions by *tradition*. Tribal practices are simply handed down for centuries. In *centrally directed* societies, as in Communist countries, a comparatively few persons make the basic decisions about production and distribution of goods and services. In a *free enterprise* economy, as in the United States, these decisions are made in "the market place." That is, the particular uses of productive human and material resources are largely determined by the producers who are willing to bid the highest prices for these resources. Similarly, the consumer goods and services produced are those which consumers are willing and able to buy at a price the producers consider appropriate. Consumer purchases represent dollar "votes" for particular goods and services.

Thus, the American free enterprise system provides a market-oriented economy that is characterized by:

- the profit motive to stimulate business activity and risk taking
- free competition among producers to enhance efficiency
- consumer direction
- freedom of individuals to apply their talents and savings in whatever work or business activity they consider most desirable

Citizens, therefore, are challenged to take the initiative in seeking a significant and productive role for themselves.

CONSUMPTION

The use of goods and services to satisfy personal wants is called *consumption*. Everyone is a consumer of "goods" such as food, housing, and clothing as well as the services of doctors, dentists, salespersons, and the like. The extent to which a person can consume goods and services beyond those considered essential as the "bare necessities of life" is limited by one's income, buying skills, and capacity for credit. The economist distinguishes between the *consumer goods* we use up directly and *capital goods* (such as tools and machines) that are used to produce more goods and services.

We use up some consumer goods such as food and fuel quickly and other goods such as cars and houses more slowly. The rate specific

goods are consumed is important to individuals and families as they budget purchases to conform with their income. Consumption is also important to economists as they study the rate at which specific resources are required for producing consumer goods and services. Many people are employed in producing consumer goods and services because there are extremely few useful "goods" (e.g., air) so abundantly available in their natural state that they are free to the consumer.

PRODUCTION

Economic goods and services are not free because they can be made available only through the work and investment of other people, called *producers*. The process of production makes possible the economic goods and services we consume as individuals and the capital goods that are eventually used up in producing other goods. Production requires three productive resources—natural resources, capital, and labor.

Productive Resources

Natural Resources are the land; minerals, water, fertile soil, timber, and other raw materials that may be consumed in the production process. Because natural resources are limited, their conservation (wise use) is important.

Capital is the buildings, tools, machines, and other equipment used to provide the economic goods we consume. In general, therefore, capital can be loosely defined as goods used to produce other goods. Notice that the economist's terminology here differs from the common reference to money capital (amount of money) which can serve only as a claim on economic goods. Improvements in technology (machines and production processes) serve to upgrade and expand our stock of capital goods. This point can be illustrated by comparing modern farming, manufacturing, and transportation techniques with methods used before 1850. Capital formation is possible only when enough persons are willing to forego some present consumption in the hope of earning future reward from their investments.

Labor is the human effort required to produce economic goods and services. Thus, the nation's labor force includes assembly-line workers, managers, clerks, doctors, lawyers, teachers, salespersons, and all other categories of workers. The quality of available labor is of utmost importance to the economic growth of any area and this quality is determined largely by the motivation, technical skills, and levels of education that people attain.

Whether people are in the business of mowing lawns or manufacturing jet aircraft, they will strive for that minimal "mix" of natural resources, capital, and labor that will result in the most profit. We would therefore expect that more human resources will be used to produce each unit of output in countries such as India (which has proportionately more people and less capital) than is found in the United States.

The important function of bringing together the three productive resources—natural resources, capital, and labor—and of developing innovative methods of producing goods or services (with the chance of profit or loss) is called *entrepreneurship*. In fact, this function is so vital that some writers refer to it as the fourth productive resource (in addition to natural resources, capital, and labor).

Specialization of Labor

Often efficiency can be increased by dividing a productive process into specialized tasks or steps. Specialization has made possible the mass production of economic goods (such as cars, carpets, and TV sets) at prices most Americans can afford. Specialization also extends into our marketing system which makes new products available at a convenient retail outlet and provides such additional services as credit and insurance where needed.

As we increase in specialization, we become *interdependent* upon each other. The car owner needs the mechanic and the service station operator. The employed housewife needs the products of the bakery, the cannery, the butcher, and the household appliance stores. By comparing life today with the meager existence that a self-sufficient frontier family could eke out for itself, we can better appreciate the scope of specialization today and the benefits in goods and services that have resulted.

As American workers have improved in education, acquired more skill, and received better equipment with which to work, their *productivity* (amount the average worker produces per hour) has increased. As a result they have earned incomes that have enabled them to consume more and better goods and services.

The amount of income that an individual can earn in a particular occupation is determined by several factors including education, skill requirements, working conditions, risk, work performance, and the number (supply) of persons who are prepared and willing to work in the respective occupations.

Because of rapid changes in technology and in consumer tastes for particular goods and services, most workers must learn new skills or vocations several times during their working years. When a person advances to higher levels of responsibility in a firm, he or she must also learn new skills and work habits.

Illustrations of specialization can be easily found in the chores and responsibilities of various family members; in the occupations of different persons in a community; in the production processes of industry, in the marketing functions of buying, selling, advertising, transporting, financing, insuring, storing. To a lesser degree, examples of specialization can be found in certain cities, states, regions, and nations that concentrate on producing what they can do best.

THE ROLE OF MONEY

In our modern, complex economy, money is absolutely essential to the specialization of tasks that has permitted the average American to attain an ever higher standard of living. This specialization and interdependence would have been impossible if the members of our society had been forced to barter for the goods and services they needed. For instance, a barber needing a house could hardly expect to find a seller needing enough haircuts to pay for it!

Anything can be used as money if people will accept it in exchange for goods, services, and resources. In the past, commodities such as shells, tobacco, and gold have been used as money. We now use coins, currency, and demand deposits as money in exchange for economic goods and services. Most final payments, except for incidental personal items, are made by check; and consumers are making increased use of credit cards.

Money has three primary uses:

- money is used as a medium of exchange for economic goods and services
- money is used as a means of expressing the value of goods and services
- money is used as a store of value—making it easier for people to save for future purchasing

Coins, currency, and demand deposits are stored or saved when not needed for immediate purchases. Financial institutions pay interest to savers for the use of their money. These financial institutions then make the savings of individuals available to business investors who need additional funds for the purchase of capital resources. Since individuals must also pay interest for the use of borrowed money, they should fully understand interest cost and repayment obligations.

Savings are of utmost importance if a nation is to achieve economic growth. Businesses retain some of their own earnings for investment in new facilities and equipment, and they secure other funds from financial institutions. The resulting economic growth provides job opportunities for more of our citizens. In its efforts to keep the supply of available funds in balance with the money requirements of the economy, the Federal Reserve System exercises certain controls over the availability of credit from the nation's banks.

As the money income of most families is limited, individuals must make choices as to whether or not they will spend today or save for the future. Saving for future purchases requires one to forego the opportunity of buying today. Conversely, the cost of spending today is foregoing the chance to use present dollars plus earnings to better satisfy wants in the future.

THE MARKET ECONOMY OF THE UNITED STATES

Largely through their actions in the market, U.S. citizens resolve the basic economic questions of what, how, and for whom to produce. A *market* is the process whereby buyers and sellers come together. Because of modern means of communication, buyers and sellers no longer have to be in the same physical location to accomplish a sale or trade.

The market *price* relates buyer and seller willingness and ability to purchase or offer certain goods, services, and resources for sale. *Price* reflects the value the buyer or seller places on the goods, services, or resources. For example, skilled labor is more productive to an employer than unskilled labor; consequently, the employer is willing to pay a higher wage to the more productive worker. Under normal circumstances, a diamond yields greater want-satisfying power to a consumer than a glass of water; therefore, the consumer is willing to pay a higher price for the diamond.

The modern economy of the United States is often described as a "mixed free enterprise" economy. Citizens are free to own property, to enter into contracts, and to make decisions about the use of their property. Businesspersons are motivated by desire to earn *profit*, and potential or actual *competition* from other businesses helps assure that consumer desires will be served effectively.

In the market system, the question of what goods and services should be produced is determined primarily by the customer. Businesses are motivated by the desire for profit to produce just what the consumer wants. If consumers are not willing to buy a good at a price greater than the business cost of producing the good or service, then businesses will incur a loss and shift from the production of that good to the production of other goods or services that are desired by consumers at a price higher than the cost of production.

The question of how the goods and services should be produced is determined by the desire for profit on the part of businesses. Businesses are constantly striving to find more efficient methods of producing goods and services, that will, in turn, lower their costs and enhance profit. The desire for profit also stimulates businesses to seek new goods and services for the satisfaction of consumer wants. Again, competition prevents businesses from exploiting the consumer. Every member of the market society seeks to make a maximum profit. Thus, when an industry becomes excessively profitable, new business firms move additional production into that industry, increasing the availability of certain goods and, in turn, decreasing the selling price. These events often occur when a successful new product, such as color television, is first marketed.

The market also determines for whom the goods and services should be produced. Nothing is free. Everything has a price tag; thus, the goods and services are generally distributed only to those individuals with an income sufficient to pay the price. Competition among producers helps ensure the efficient production of goods and services at a comparatively low cost to consumers. Although the majority of economic decisions are made in the market, there are some functions that the market mechanism cannot or will not provide effectively for all citizens. For example, it has been determined to be in the best in-

terest of society for various levels of government to assume the tasks of providing education, protection, and a judiciary system.

ECONOMIC GROWTH AND PRICE STABILITY

Throughout history, people have constantly strived for a higher standard of living to better fulfill their wants. Over the years, most Americans have accomplished this objective, but citizens of many other nations have not been so fortunate. A society's ability to achieve *economic growth* is limited by the availability and quality of its productive resources. Americans have made great progress by upgrading their education and employable skills, investing in an increasing stock of capital resources, and applying new technology. However, in countries such as India, advances in technology have been off-set by increases in population. As long as the population of a nation increases faster than its productive capacity, each generation suffers a lower *standard of living*.

The ability of a nation to increase its productive capacity is, in part, dependent upon the availability of natural resources. Although technological advances often serve to increase our stock of useable resources, conservation (or wise use) of natural resources is important for *economic growth* in the future.

A nation's ability to achieve a high standard of living is also dependent upon the quality and quantity of its human resources. In the United States, education is recognized as one of the most important ingredients for sustained economic growth. Education enables people to increase their productivity and better satisfy their wants with less effort than otherwise would be possible.

Capital resources, the tools and machines used in the production process, are another ingredient to economic growth. The tremendous growth achieved by the people of the United States has been greatly influenced by the application of an ever increasing quantity and quality of capital goods. For instance, in the aerospace industry improvements in alloys have required new machines and techniques to work exotic metals.

Entrepreneurship is the fourth essential ingredient for achieving economic growth. Fortunately, the cultural and political environment of the United States has stimulated entrepreneurs to seek new resources and make improvements in technology.

Every nation seeks economic *price stability* as well as economic growth. Every time prices increase (inflation), more money is required for buying the same things. During a depressionary period, people are unemployed, incomes are low, and production does not reach full capability. During inflation, production is usually at a peak. The rate of employment is exceptionally high but prices also increase so that the purchasing power of many people is decreased. People on retirement income or other fixed income are particularly hard pressed by rising prices.

THE UNITED STATES AND THE WORLD ECONOMY

The United States is part of a world society. Over the past centuries, changes in communications and transportation systems have brought all nations closer together. Today U.S. industrialists buy raw materials from all parts of the world and sell many products to buyers in other countries. No modern advanced nation can thrive in complete isolation.

Trade among countries can be beneficial to all nations involved. Such trade fosters international specialization in production and rising standards of living. International trade makes available a greater quantity and variety of goods and services for the satisfaction of the wants of the people.

Trade between individuals, regions, or nations generally results from the same motivation. It pays to specialize in what you can do best and to buy from others what they can produce most efficiently.

Resources are spread unevenly over the world, thus nations tend to specialize in the production of those goods and services that they can produce most efficiently. For example, Brazil specializes in the production of coffee that satisfies the wants of millions of Americans every morning; Brazilians buy corn from producers in the United States to satisfy the yearnings of their citizens for corn flakes in the morning. Specialization and exchange of goods and services among nations result in a more efficient allocation of resources.

Unfortunately, the process of international trade is somewhat more complicated than trade within a single country. Resources are less mobile internationally than domestically. For example, most nations have immigration restrictions, import controls, and *tariffs*. Special problems in world trade arise from the fact that each country has its own money, its own central bank, and its own monetary policy. American producers selling corn in Brazil want to be paid in dollars; Brazilians, selling coffee in the United States, must be paid in *cruzeiros*. International trade is subject to more political controls than domestic trade. Businesses in both countries are subject to the rules and regulations of the countries involved, and many times they are confronted with a political crisis. World trade is also subject to cultural and social barriers.

International trade is essential—in spite of the difficulties—if resources are to be allocated most effectively to satisfy the wants of people both in the U.S. and throughout the world. Among the problems to be overcome in each country are: (1) adjustments that would be required of the less efficient industries that would have difficulty competing on a free world market and (2) the concern of each nation that it not become overly dependent upon other countries for goods and services essential to its own national defense.

INSTRUCTIONAL UNITS, LEVEL ONE

ECONOMIC WANTS

Goal:

To understand that all families must allocate their resources carefully to best satisfy a variety of never-ending wants for goods and services.

Objectives:

A. Given 10 pictures about the characteristics of families' wants, 90 percent of the pupils will select the five pictures that describe a characteristic of families' wants.

B. When the teacher reads to the pupils five situations that show the need for allocation of resources to satisfy a set of wants and needs, 90 percent of the pupils will explain why there is a need for carefully choosing the wants and needs most important to the family in a minimum of two situations.

EXAMPLE: Every member of the family needs to use the car for transportation on Saturday afternoon.

ECONOMIC IDEAS

1. Families want many things. These wants include "necessities" as well as luxuries.

2. Family wants are for both goods and services.

ACTIVITIES

1. Have a bulletin board display of pictures categorized under the headings: "Luxuries" and "Necessities." (Students will contribute pictures from personal drawings or from magazines and will be permitted to arrange the display according to their concepts of economic wants.) Perhaps this can be compared with wants of people in other countries.

2. Ask students to tell about the activities of their families for one day or draw pictures of some of the activities of their families. After each response, the class may decide which activities depict goods and which activities depict services. Mature students might work in small groups preparing two lists:

GOODS WE WANT SERVICES WE WANT

ECONOMIC IDEAS	ACTIVITIES
3. Some wants are for individual members of the family and some are for the entire family; so families must allocate their resources carefully to best satisfy the wants they consider most important.	3. (a) Have students make booklets including each member of their families. Family members may be represented by pictures from magazines or catalogs. Under each picture, the children will draw or list three personal wants for that individual. (Students might interview members of their families to get information and bring actual photographs instead of magazine pictures.) Through discussion, lead students to the understanding that when each want is satisfied some family resources must be used for this purpose; and these same resources are no longer available to satisfy other wants the family will have. (b) Have children draw or describe some want for which the entire family is saving such as a new car, a house, color TV, insurance, etc. (More advanced children may work with a hypothetical budget to show how much must be saved from the monthly income to secure this item in a given length of time.) Note that financial institutions will pay interest for the temporary use of savings deposits.
4. The wants of families are never-ending. As existing wants are satisfied, new ones are created.	4. (a) Play the game "Then What." Pupils will select items from a collection of wants represented by replicas, pictures, or words and tell how each of these would create further wants. For example: A bicycle might generate wants for: good roads or paths, tag, basket, lock, or bicycle service. A doll might involve doll clothes, house, and doll furniture. (b) Have students discuss recent purchases in the home. (Color TV, car, washing machine, clothing, table, chairs, etc.) Example: Jane may have purchased a new dress. Was it because the old one was worn out or because it was a new style she liked? Joe's family purchased a new microwave oven even though their gas oven was still working. Why did his family make such a purchase? (Arrive at generalization that wants are ongoing because people's tastes change and because improved products come on the market.)
5. Wants vary from family to family. Each family decides on the wants it considers most important to satisfy.	5. (a) Have students compare and contrast the needs of the following family units:

ECONOMIC IDEAS	ACTIVITIES
	• Father, mother, and small baby living in an apartment • Mother and two small children living in a small village in Alaska • Mother, father, grandmother, and 18-year-old boy living in a big city • Mother, father, and five children living on a farm (b) Show slides, filmstrips, or pictures of families living in different cultures or in different locations. (For example: A family living near the seashore may want a boat while a family living on a farm might want a horse.)
6. Within a family, both the individual wants of members of the family and the collective wants of the family as a unit tend to change as the children grow older. Savings contribute to the satisfaction of future wants.	6. (a) Make a scrapbook showing how wants change as people grow older. Students will include pictures of wants at different stages in their own lives and project wants for the future. For example, under the following or similar headings students can arrange pictures to show their wants: • When I was a Baby, I Needed These Goods and Services • When I was Four, I Needed These Goods and Services • Now That I am _____, I Need These Goods and Services • When I am 16, I will Need These Goods and Services • When I am Grown, I will Need These Goods and Services (b) Have students make a list or draw pictures of things they own that they no longer want because they are getting older.
7. A source of family income is necessary for the satisfaction of wants.	7. Students might list immediate wants of their families. (Students may wish to discuss this assignment with family members before responding.) The teacher can provide newspaper ads, catalogues, and magazines so the students can find out how much each will cost. Follow this assignment with a brief discussion of : "How do Families Get the Things They Want?"

Goal:

SCARCITY AND THE NEED FOR DECISION MAKING

To understand the reason for scarcity and the need for allocating resources for goods and services the family wants most, and the opportunity cost of each choice of goods and service that the family wants.

Objective:

Given pictures of 30 goods and services wanted by a family which can afford 10 of the items, 90 percent of the pupils will select 10 items and will explain the opportunity cost of each choice.

ECONOMIC IDEAS

1. A family's wants exceed its income, so some wants must wait; choices must be made.

ACTIVITIES

1. Have the students make "wishing pictures" showing all the things they would buy if they could have anything they wanted. Discuss the things the children put in their "wishing pictures."

   (a) Students draw pictures of things they want that cost about $5. Have them indicate the order of importance of the items by listing first, second, and third choice if only one want can be satisfied at the moment.

   (b) Through simulation, develop the idea that choices must be made in relation to income: Have students contribute to a classroom toy store, arrange the displays, and affix price tags to articles. Tell students that they each have a certain amount of money to purchase items they want with the stipulation that they must retain enough money to buy lunch and also a tablet for school use. Ask students to give reasons for the choices they made.

   (c) From the following list of activities and charges, have students determine how they would each spend $2 at a fair:

Merry-go-round	—15 cents	Hot dogs	—50 cents
Animal show	—25 cents	Hamburger	—75 cents
Spook house	—15 cents	Pop corn	—20 cents
Sky ride	—30 cents	Cola	—30 cents

ECONOMIC IDEAS	ACTIVITIES
2. In sharing the family income, members of a family are responsible for their spending choices.	(d) Have students consider how they would spend $10 received from an uncle the day before the fair opened. Would all the money be spent at the fair? Would some of the money be put in a savings bank? Or would they buy something else they want? 2. Have the children play a "what our family would like to have" game. When lists of family member's wants have been made, the children's attention should be drawn to the following: (a) The lists are incomplete. For example: had members of the family listed everything they wanted, each list would be practically without end.
3. Choices are influenced by cultural, geographic, and climatic factors.	(b) The different lists contain similar and dissimilar items illustrating the similar and dissimilar wants of different families and of different family members. With this list of different family needs, have the students discuss or write stories about "why families don't buy all the things they want." 3. Read stories and show slides, filmstrips, or pictures of families living in different cultures or in different locations; and consider how their wants differ. Have the students gather information about people's different cultures and regions and then communicate their findings by (a) writing stories as a group dictating to the teacher, (b) preparing displays, and/or (c) role playing.
4. For optimal allocation of its resources, a family must plan ahead and budget the income of its members for those *priority* expenditures it desires most.	4. From the list given below, have students number in sequential order the items they consider most essential in a family budget. (Children who have not learned to read can put numbers on pictures supplied by the teacher or draw items in order of their importance to family needs.) Food House rent New car Vacation Replacement of worn-out clothing

ECONOMIC IDEAS	ACTIVITIES
5. To the extent feasible, a family should "shop" for sources of goods and services that will supply its wants most economically and effectively.	Have the students discuss their view of the criteria (important factors) to be considered when deciding on the priority of specific goods and services that will be bought with a family's limited income. 5. Let the students tell why they prefer one item when comparing two similar items of food, clothing, or toys. Let each decide which is the "better buy" and then give the reason for their choice. Consider the implicatons of both price and quality of goods and services. Students can take a field trip to a local grocery store to compare prices of different brands of goods.
6. Sometimes individuals or families choose to forego certain purchases so that they will be better able to buy what they desire later. Income not immediately spent becomes part of the family's savings.	6. Problem: You are saving for a toy that costs $4. If you are paid 50 cents a week for doing chores, how long will it take to save the money if you do not spend any of it in the meantime? Have children name the wants they would forego in order to have the toy. Also note how each member of a family might save over a period of time to buy a new TV or other item all the family would use.
7. The real cost of any item is the foregone opportunity to purchase other items with the same resources. In economics, this is called opportunity cost.	7. Have students play the game "Either Or." Give students a list of paired "wants" and state that they may have either a football or a baseball, a new coat or a dog, etc. After the students have made selections, help them understand that the real cost was what they had to give up to get it.

Goal: NEED FOR AN ECONOMIC SYSTEM

To identify how decisions are made in a private enterprise economy.

Objective:

Given a set of 20 pictures from magazines (three fathers, three mothers, one child, one wagon, two hammers, two cars, two trucks, two planes, one water well with bucket and rope, two fences, one TV) and the categories: What to produce, How to produce, For whom to produce, Tools used, and Tools not used, 80 percent of the pupils will arrange the 20 pictures having to do with life of the self-sufficient pioneers in 1850 under the proper economic decision category.

EXAMPLE: Who decides...

What to produce?	How to produce?	For whom?	Tools used	Tools not used
father	father	father	2 hammers	2 cars
mother	mother	mother	1 well, rope and bucket	2 planes
		child	2 fences	2 trucks
			1 wagon	

ECONOMIC IDEAS

1. The Texas pioneer family system was in fact a simple economic system.

ACTIVITIES

1. Introduce students to Texas' pioneer days through books, films, and resource people in the community. Students might produce their own filmstrip or display charts showing segments of life in early Texas with emphasis on the interdependence of family members. For example, select pictures that show pioneers making soap, curing meat, churning but[illegible], cutting wood, building homes. (A cardboard box open on one side wi[illegible] rollers at either end makes a satisfactory conveyance for the student-made filmstrip.) Discuss why finished goods were seldom purchased by the pioneer family.

ECONOMIC IDEAS

2. The pioneer farm family constantly strived to increase its productivity. However, pioneer family production was limited because of the lack of efficient tools and machines.

3. The pioneer farm family had to resolve the scarcity problem by producing most of the goods and services it consumed. Thus, the pioneer farm family was quite independent in determining what it would produce as well as how and for whom the goods and services would be produced.

ACTIVITIES

2. If possible, plan an excursion to a museum to observe tools and machines used by pioneer families. Collect or prepare pictures and articles about early innovations that increased the productivity of pioneer families. For instance, compare one-row with two-row horsedrawn farm equipment, the scythe with a horsedrawn grain binder, the washboard with a hand-operated clotheswasher, sewing with a needle and thread versus the foot-operated sewing machine, carrying water from a stream versus using the more convenient hand-dug well or the revolutionary windmill. Then contrast this equipment with modern power machinery that performs the same tasks more efficiently and with less effort. The class should conclude that the stage of technological advancement and availability of tools and equipment will largely determine how production is accomplished.

3. From pictures and stories of pioneer families,

   (a) have students list or draw pictures of goods produced in the home;

   (b) have them tell how the same goods are obtained by modern families today; and

   (c) have them role play "work inside the home" and "work outside the home" on a farm in the early days of Texas. The students should determine what tasks each family member might perform by talking with elderly neighbors and relatives.

   (d) Have the students consider why pioneer families tended to be large (note the contribution each member made to production). Similarly, discuss why an entire community would often help a new family build its house or barn. (Note this work was done more efficiently when several persons were available to move and place the heavy logs. There was also some opportunity for local crafters to specialize; e.g., on cabinet work and roofing, so that better buildings were constructed than would have been possible otherwise.)

   (e) The teacher could read or could have the students read about "husking parties" and "quilting bees."

ECONOMIC IDEAS	ACTIVITIES
4. As a society advances until the use of machines and equipment eliminates the need for most manual labor, individual workers become specialized and interdependent. The individual family no longer functions independently in producing goods and services primarily for its own consumption.	4. Have several class members indicate what jobs the major income earners of their respective families perform outside the home. Have them determine whether this work is primarily the production of goods or services for other people. Next have the class list some of the things families buy and observe whether most of these things are produced by others. They should then come to the realization that most workers produce specialized goods and services consumed.

Goal:

CONSUMPTION

To understand that consumers must make choices because they do not have enough resources to satisfy all of their wants.

Objective:

A. Given a series of pictures of 10 consumer goods, 80 percent of the pupils will check (✓) the durable goods and will underline the nondurable goods with 100 percent accuracy.

EXAMPLE: Picture of ice cream cone Picture of house

B. Given a series of pictures of 10 tools used in production and five consumer goods, 80 percent of the pupils will check (✓) five of the pictures of tools used in production.

EXAMPLES: Picture of saw ✓ Picture of tractor ✓ Picture of bag of sugar Picture of sweater

ECONOMIC IDEAS	ACTIVITIES
1. **Every member of a family is a consumer of goods and services.**	1. Have students role play an imaginary family in different situations to show that all human beings are consumers: (a) a family at breakfast (b) a family on vacation (c) a family at a city park (d) a father and a son in a grocery store; a mother and a daughter in a shoe store (e) an invalid relative at home

ECONOMIC IDEAS	ACTIVITIES
2. Some consumer goods may be consumed quickly and other goods are consumed slowly.	2. (a) Students may be asked to display genuine items or to draw pictures of items that they consume every day, such as food, clothing, toys, pencils, paper, etc. According to decisions of the students, display the items or pictures in two separate groups: 1) items that last a year or longer and are used over and over 2) items that are consumed more quickly (b) On one side of the chalkboard list items that are consumed slowly by students' families (automobile, refrigerator, TV). On the other side list items consumed immediately (ice cream, water, paper towels).
3. All families use consumer goods and services that satisfy primary wants for food, clothing, and shelter.	3. Given a list of words, students will circle the primary wants or necessities. (Sample list: house, boat, horse, football, turkey, coat, light bulb, stove, etc.)
4. Families also have secondary wants for consumer goods and services that make life more satisfying.	4. From the list in Activity 3, have students draw a square around each secondary want.
5. Planning and budgeting help consumers allocate income wisely.	5. Given $75 to buy winter clothing, each student will be asked to select necessary items from price lists in newspaper ads and catalogs. Assume students have outgrown all of their present winter clothing.
6. A family or an individual may wish to postpone present consumption of certain goods or services to save for future purposes. Family saving can be invested to earn income.	6. Ask each student to name something that he or she wants very much and then have them tell what items or pleasures should be given up to obtain the desired item. (Note to teacher: If the item will require saving over an extended period, elicit from the students the desirability of putting the money in a financial institution to draw interest and for safe keeping.)
7. Consumer goods satisfy a family's wants directly, but capital goods are the tools and machines that are used to produce the items we consume.	7. For a written activity, have students match capital goods with consumer goods. For example, cake with mixmaster; corn on the cob with tractor; hamburger with food grinder.

BEST COPY AVAILABLE

PRODUCTION

Goal:

To understand the concept of production and to identify the resources needed for production.

Objective:

Given 15 simple sentences about economics, 80 percent of the pupils will underline 9 of the 10 that tell about the production process.

EXAMPLE: Some workers make goods, Families need food, clothing, and shelter. Most people receive money for their work. When workers specialize, more goods are usually made.

Economic Ideas	Activities
1. The production of economic goods or services is a valuable and essential contribution to society.	1. Class members can prepare a master list of all the types of jobs done in their community and trade center. Through class discussion, the class should develop a genuine appreciation for the production of every worker—from garbage collector to medical doctor; i.e., discuss what would happen if no food were produced for consumers.
2. Some workers produce goods; others produce services. All of these workers can be called *producers*.	2. On the list prepared in Activity 1, the students will indicate beside each job whether goods or services are produced. To make this study especially meaningful, consider doing one of the following: (a) Take field trips to see the "world of work" and observe different producers (including students' parents) at work. From observation and interviews, determine who is producing goods and who is producing services. (b) Have local producers visit class to discuss their work. (c) Develop wall charts and/or displays on what producers do in the local community. Include pictures and drawings. (d) Play games in which a job is named and students stand or clap if production of goods is involved. They sit without reacting if the job produces services.

ECONOMIC IDEAS	ACTIVITIES
3. All productive work in the home is of value, but most home services are provided by family members without payment.	3. Have the students list various important jobs that are performed without wage or salary compensation (e.g., family members working around the home; persons doing church, civic, or charity work). Discuss the overall importance of such work to the family and the community.
4. Most people receive money income for working outside the home. Wages and salary will vary with a person's work performance and the kind of job he or she has.	4. Have the students bring pictures of different kinds of jobs being performed. Consider what qualifications a person should have to work in each of the jobs. Note that the amount of income a producer receives depends both on the type of job and how well it is done. Help the students recognize the importance of a "job well done" by role playing the effect on consumers and society when jobs are not performed well by an auto mechanic, road builder, barber, doctor, and teacher. Note that definite skill and persistence is required to do any job exceptionally well and that persons who develop such competencies are invaluable citizens.
5. Most members of the family are producers, but everyone is a consumer.	5. The students list and discuss categories of persons (perhaps family members) who are not producers because of age, illness, and unemployment. Discuss how the economic needs of these persons are served by those who do produce and how further training might make some unemployed persons employable. Discuss and/or role play the situation of machines (e.g., mechanical cotton picker, automatic car wash, push-button elevator, and automated manufacturing equipment) replacing laborers who must then prepare themselves for new kinds of work now available.
6. Productivity usually increases as producers specialize.	6. The students discuss, illustrate with charts or displays, and/or role play the advantage of specialization. For instance, compare automobile production by one person vs. the factory assembly line. Consider the specialists who contribute to making fresh bread available in the grocery store and relate to the many steps followed by the pioneer family (harvesting and grinding grain, making dough, and baking). Have class analyze a final product such as ice cream in terms of its many stages of production (from care of cow; milking; cooling, storing, and transporting the milk; and manufacturing and selling the ice cream).

Goal:

THE ROLE OF MONEY

To understand the need for money in an economy.

Objective:

Given five questions having to do with money, 80 percent of the pupils will answer orally four of the questions.

EXAMPLE: 1. What would you do about buying goods and services if there were no money?

2. If there were no money as we have in our country, what could you use for money?

ECONOMIC IDEAS

1. Money is now accepted in payment for goods and services. In early America, many families traded for what they needed. This trading was called barter.

2. Historically, developing societies have used many different items for money (e.g., stones, cattle, salt, cacao seeds, beads, and tobacco) in an effort to improve upon the barter system.

3. In advanced societies, the government is responsible for developing a money system; however, money is genuine only to the extent it is acceptable in exchange for goods and services.

ACTIVITIES

1. From illustrative stories, students role play bartering in early America. Begin with bartering between two individuals; e.g., one person with a chicken to pay another who is a barber. Then assume the barber doesn't want a chicken and consider how the problem might be overcome as other students are designated who have different goods or services to exchange.

2. Have students discuss, write stories, and/or prepare charts on the various commodities that might be used for money and the difficulty that would be encountered in storing and transporting these things. Discuss why using these commodities for money would not be satisfactory in an advanced economic system.

3. Have the students discuss why dollars, dimes, or quarters (in the prescribed amount) will be accepted by any merchant or individual in the U.S. for goods or services. Then illustrate the greater convenience of using personal checks to pay for purchases—especially those costing many dollars and those involving payments to sellers living in different cities or states. Related questions: Does the U.S. Government guarantee the payments we make with credit cards or personal checks? What determines whether a personal check is good or worthless?

ECONOMIC IDEAS	ACTIVITIES
4. Money is a convenient means of comparing the prices of goods and services.	4. Have students list various items they would very much like to buy and then determine the selling price of these items. Discuss how much more difficult it would be for us to decide what to buy if we had no money prices to consider in comparing one item with another. Note that how much we buy of a certain item will be largely determined by how "high" or "low" its posted money price seems to us.
5. Families usually save by putting money in a bank or other savings institution that pays them interest.	5. Students set up a simple banking operation wherein they role play the banker or savings depositor. Discuss the advantage of a family's saving and earning interest income, when feasible, to purchase a major household appliance or an automobile versus the greater cost of always buying as much as possible on credit. Take the class on a field trip to a bank for a "real-life" study of operations.
6. Money paid to one person or firm tends to generate a chain of further spending that increases the overall level of economic activity.	6. Role play the chain of further spending that may result from the purchase of some good such as a $30 pair of shoes. From the $30 selling price, the shoe store owner must use $21 to pay the shoe wholesaler, $1.50 to pay the building owner for rent, $4.50 to pay the store employees' wages, $1.50 for his or her own personal savings and spending. Students can assume each of the roles implied and will role play how they will use the money paid them by the shoe store to make still further payments of their own so that the initial $30 purchase results in an increase in overall buying and selling in a community.

Goal:

THE MARKET ECONOMY OF THE UNITED STATES

To identify the components of a modern free enterprise market economy and to understand how those components are interrelated.

Objectives:

A. Indrawing a picture of a market situation, 90 percent of the pupils will include the picture: buyers, sellers, goods, services. Fifty percent of the pupils will also include in their pictures prices of the goods and services.

B. Given $5 in play money and 12 pictures of goods (with prices attached) a child would like, all of the pupils will select the goods they want, 80 percent of the pupils will identify correctly the goods for which they have an effective demand.

ECONOMIC IDEAS	ACTIVITIES
1. Transactions for the exchange of goods and services between the buyer and the seller are made in the *market*.	1. If possible, take the students to an auction where they can witness buyers' competitive bidding. Discuss how each buyer determines how much he or she will bid for an item (he or she probably has general knowledge of the item's price in other communities and weighs immediate desire for the item against a conception of the going market price for it). Notice that the sellers may also bid on their own product at an auction if they aren't satisfied with the prices that buyers are offering. With play money, the students can then conduct their own auction. Students may confer with local merchants to determine how retail stores price their products and what they do when a certain item remains on the shelf a long time and doesn't sell. Students should then report on their findings.

ECONOMIC IDEAS

2. Buyers and sellers sometimes do not meet face to face, but may deal with each other by telephone or mail. Sometimes buyers may employ agents to represent them in conducting business transactions.

3. Generally, sellers want to sell at the highest price possible and buyers want to buy at the lowest price possible. Price in a given market is determined by supply and demand.

4. Effective demand depends not only on the buyer's desire and willingness to buy a good or a service, but also on his or her ability to pay for it.

5. When many people are demanding a particular good that is in short supply, the price tends to increase.

6. When people want to sell large quantities of a particular good for which there is little demand, the price tends to decrease.

ACTIVITIES

2. Have the students review a mail-order catalogue. They simulate placing an order and role play all of the activities that follow until the order is delivered at the student's residence. Discuss buying via the telephone and newspaper order forms.

3. Ask the students to explain why sellers want to sell at the highest possible price. Then, ask the students why buyers want to buy at the lowest possible price. Other points for discussion: When a buyer and seller agree on a price at which they will trade, does this agreement influence the general price for that item? Do both the buyer and the seller benefit from a market transaction?

4. Ask the students whether they would like to buy a new car for their family. Then ask the students how many will, in fact, buy a new car for their family within a week. Note that there is no effective demand for a car by any of the students unless some are both able and willing to make such a purchase.

5. Have students draw pictures of something that is much in demand but very scarce. (Certain kind of doll or other toys in demand.) Discuss the effect of demand on price when the item is scarce and what will happen to price when items become plentiful or are less in demand. Example: toys before and after Christmas.

6. Suppose every family in a small town had a garden and raised their own tomatoes. How would this affect the price of tomatoes in the grocery store?

   Suppose some of these people had more tomatoes than they could use and wanted to sell them. Why might they need to sell at a cheaper price in this town than in another one where there were no gardens?

   Compare the probable effects of the following situations on bike prices:

ECONOMIC IDEAS	ACTIVITIES
	(a) one hundred buyers have money and want to buy bikes, but only 10 bikes are for sale. (b) one hundred bikes are for sale but only 10 buyers have money.
7. Demand for a good or a service may be increased through advertising.	7. Have each student clip an ad from a newspaper or magazine and tell why this particular ad would make people want to buy. Discuss catchy slogans, trademarks, and colorful packaging that helps sell the product. Example: cereal boxes that contain prizes or cutouts. Discuss the advantages and disadvantages of advertising. Note that many good products are never marketed because the developer is not able to establish an effective sales program to reach the consumer.

ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Goal:

To understand the role and limits of government in a modern free enterprise economy.

Objective:

Given a card with "yes" printed on it and one with "no" and 10 statements about government in the economy, 80 percent of the pupils will hold up the correct answer to each of the 10 statements.

EXAMPLE: Governments make a profit. (No)

Governments may provide more goods and services as a city grows. (Yes)

ECONOMIC IDEAS

1. Economic and cultural opportunities available in cities have caused cities to grow. The role of city government has expanded with the growth of cities.

2. Public capital goods are owned by the city government for use in providing goods and services to local citizens.

ACTIVITIES

1. Have the class list common economic activities in an early American city (e.g., those of the butcher, baker, blacksmith, innkeeper, etc.) and functions of city government that would have been necessary (such as provisions for law and order, garbage disposal, fire prevention equipment, and a few city ordinances). Then have the class prepare a list of economic activities and governmental functions performed in a modern American city. The students could invite to the classroom local governmental leaders and other citizens who would be able to contribute useful information.

   Students should then compare their "long ago" and "today" lists and arrive at conclusions concerning changes that have occurred (e.g., greater specialization in both the private and governmental sectors of the cities and the increasing functions of city governments). They might also make recommendations on additional changes needed in city government functions. Their findings, conclusions, and recommendations could be presented on murals, in special displays, and in student reports.

2. Take the class on a field trip to view the various capital goods (facilities) owned by the city such as parks, water facilities, public office buildings, construction and maintenance equipment, fire station and equipment,

ECONOMIC IDEAS	ACTIVITIES
3. The goods and services provided by the city government are paid for primarily by taxes. These are things people elect to buy together rather than as individuals because everyone will benefit in some way.	police station and equipment, community building and/or civic center, and recreational facilities. 3. Have the students make posters depicting services provided by a city and the source of funds that pay for these services. Discuss to what extent each service benefits all local people. Consider why people who do not use a particular service of a city should have to pay taxes to support it (such as older people without cars paying taxes for roads and streets, people without children paying taxes for schools).
4. Many cities conduct periodic campaigns to get new business and industry located in their geographic areas.	4. Students learn from a local chamber of commerce or from city planners about programs to promote economic development of the area and why this objective is important to a city.
5. City government helps to keep the city orderly and healthy.	5. Students learn from a local city hall representative about some of the basic rules and ordinances dealing with traffic, sanitation, zoning, and licensing and their purposes. Discuss the increasing complexity of these procedures in much larger cities.
6. The people of the city determine the degree of government involvement in the local community.	6. List local elections (including any recent bond issues) that affect the role of local government.
7. Today more demands are being made of city government than were made in the past. Citizens should carefully weigh the cost of expanded services against their goals for the city and the benefits to be derived.	7. Have students collect litter around their homes. Pose the problem: Should a city hire persons to keep all yards clean or should this be left to each family? Perhaps have students make "litterbug" posters.

ECONOMIC GROWTH AND PRICE STABILITY

Goal:

To identify the elements that contribute to the growth of the city.

Objective:

Given the topic "What does a city need if it is to grow?", 50 percent of the pupils will deseribe to the class, to the satisfaction of the teacher, the need for land, skilled labor, new industry, housing, parks, and transportation system.

ECONOMIC IDEAS	ACTIVITIES
1. The ability to make the best use of nearby natural resources is determined by the kinds and amounts of labor and capital goods in the city.	1. Students list the natural resources of their community and then determine how these resources might be used more effectively with inputs of certain new industries or expansion of existing industries. What types of new industries would be attracted to your community to make effective use of the kind of labor available?
2. Every city should have surrounding land for orderly growth.	2. If possible, have the students confer with a local city planner about the need of planning for orderly growth and development of cities. Note the need for airports, industrial parks, freeways, and zoned areas for housing, parks, schools, businesses, etc. Students could secure newspaper clippings that reveal growth patterns in their cities. They could prepare a display or mural showing the city layout from downtown to the suburban areas.
3. Cities depend on markets outside their boundaries for the purchase and sale of many goods and services.	3. Have groups of students visit certain businesses such as grocery stores, clothing stores, drug stores, etc., and report on the extent to which goods for sale have been shipped there from other cities. They may find newspaper advertisements that highlight economic goods from other states.
4. Transportation, communication, and utility systems are essential for modern cities.	4. Invite local business people to discuss with the class their opinion of the adequacy of the city's transportation, communication, education, recreation, and utility systems for industrial development. Students could determine how each item listed in Activity 3 was shipped to the city.

THE UNITED STATES AND THE WORLD ECONOMY

Goal:

To understand the reasons for international trade.

Objective:

Eighty percent of the pupils will list a minimum of three items that are available because of international trade.

ECONOMIC IDEAS

1. Natural resources, human resources, and capital resources vary in amount and quality from country to country.

2. The United States is dependent on other countries for certain products. These products are imported into our country.

3. Many countries buy goods and services from the United States. These are exported from our country.

4. All countries engaged in trade should benefit, for each country is thus motivated to produce those goods that are best suited to its own resources.

5. Without transportation to carry goods from one country to another, international trade would not be possible.

ACTIVITIES

1. For a special display, have children bring to school some of their toys and other articles that were made in other countries. Discuss why we buy some things from other countries instead of making everything in the United States.

2. On a large outline map of the United States, have the students place pictures of goods that are imported for our consumption (e.g., foreign cars, radios, toys, and food). They can then discuss and tell stories about why we buy these things from business firms in other countries. A local business person might be asked to explain why he or she sells imported goods.

3. Have students tell or write creative stories about what happens to exports when they arrive in another country. Examples: "I am a bale of cotton"..."I am a pair of shoes"..."I am a tractor."

4. Arrange exhibit articles in categories of countries that specialize in producing certain goods such as plaids from Scotland, silk from Japan, lace from Italy, coffee from Brazil. Have the students explain why the countries specialize in producing these particular goods.

5. (a) On a large outline map of the world, have students paste or draw pictures of ships and planes carrying cargo (which could also be identified) to and from each continent. Find how a seller in the United States would contact buyers in other countries.

ECONOMIC IDEAS	ACTIVITIES
	(b) Divide the class into committees to find what economic goods are produced in certain countries for international trade.

INSTRUCTIONAL UNITS, LEVEL TWO

ECONOMIC WANTS

Goal:

To identify the characteristics of wants and the reason that people must make choices in satsifying wants.

Objective:

Given a picture or poster about family activities in any country and 10 questions about economic wants, resources, and choices, 90 percent of the students will answer orally a minimum of seven of the questions.

EXAMPLE: 1. What are the primary wants of the family?

2. Would this family want the same kind of clothing that your family would need. Why?

ECONOMIC IDEAS	ACTIVITIES
1. People's wants vary because of geographic location.	1. Display pictures entitled "How People Around the World Live," or show slides, filmstrips, and pictures of families living in different cultures or in different types of communities. Have students discuss how people in different geographical locations would have different wants for such things as clothing, housing, health, and recreation.
2. People's wants vary because of cultural differences, but all people have primary wants for food, clothing, and shelter.	2. Extend the above activity. Have students identify wants that are common to all people throughout the world. However, they should recognize that although many categories of wants are common, the particular goods that satisfy their wants will differ around the world. (NOTE: Shelter in Artic regions vs. shelter in equatorial regions.)
3. People's wants vary because of personal preferences and age differences.	3. Have each student write about a favorite possession he or she had as a young child and tell why he or she no longer needs or wants it. Students might discuss what they think they will want most when they are 20, 30, and 50 years of age.

ECONOMIC IDEAS	ACTIVITIES
4. People's wants change as new things are discovered or invented.	4. Have groups of students illustrate how families now living would react if thrust back in time to 1870, and show how inventions and discoveries anticipate and serve the current wants of people.
5. People's choices for satisfying their wants are limited by their income.	5. Have students compare choices for satisfying economic wants of two different families having the same amount of income but differing in number of children. Family A consists of father, mother, and a 10-year-old son. Family B consists of father, mother, a 12-year-old daughter, an eight-year-old son, and a three-month-old baby daughter.
6. People work together to satisfy collective wants in the neighborhood, city, state, and nation.	6. Identify goods and services we buy together (collectively); e.g., schools, parks, roads, and army. Identify organized groups (United Way and governments at all levels) that work together to secure goods and services for the benefit of the neighborhood, city, state, and nation. Divide the class into committees to research and share information about the functions of such organized groups—some groups would be governmental and some would be private.

SCARCITY AND THE NEED FOR DECISION MAKING

Goal:

To identify resources necessary to satisfy wants and the opportunity cost of the resources.

Objective:

Ninety percent of the students will list six decisions on resource use (land, labor, capital) for the private sector and city government and will explain orally the opportunity cost of 50 percent of the choices.

EXAMPLE:

Government	Private Sector
Labor used for paving streets	Labor used for construction of houses

Opportunity Cost: The labor used by city government for paving city streets cannot be used in the construction of houses.

ECONOMIC IDEAS	ACTIVITIES
1. Resources are limited; therefore, cities, states, or nations cannot have everything their citizenries want. Society has to decide which things are most important or give the greatest amount of satisfaction.	1. Have a simulated activity in which students role play their parents at a citizens' meeting discussing the pros and cons of such issues as: (a) Need for a new library versus need for a swimming pool (b) Tax money for summer recreation program versus tax money for street improvement and sidewalks (c) A particular school bond
2. Citizens may choose to give up some personal expenditures to obtain certain public goods or services.	2. Problem-solving situation: A local election is to decide whether the people desire to establish a city zoo. As taxpayers, your family will be assessed an additional $25 in taxes each year for the zoo. This means $25 less to spend

ECONOMIC IDEAS	ACTIVITIES
	on toys, food, and clothing. What do you think your family would be willing to give up to meet this obligation? Students can respond individually or by committee, and responses can be compared. Some students may feel the cost of the zoo is too high.
3. Unusual situations, such as war, may cause a society to reallocate resources very rapidly.	3. Have students study about the rationing and price-control system that was enforced by the U.S. Government during World War II. Have them discuss why such controls seemed necessary (when consumer goods were in such short supply).
4. Decisions on the allocation of resources are influenced by cultural and political factors.	4. Have the students consider how the allocation of resources—people, consumer goods, raw materials, capital equipment, and natural resources—might be handled differently by Russia.
5. Collective goods or services can be provided only when the necessary resources are available.	5. Divide students into groups of four or five to research and explain one of the following by means of graphs, charts, or pictures: (a) 1) The percent of the local tax dollar that is used for schools (remember, support also comes from the state) 2) How the remainder of the local tax dollar is divided (b) How a local church budget is allocated (c) How such agencies as the United Way, the March of Dimes, and the Red Cross allocate their resources. (This type of activity will give students an opportunity to interview persons in the community and get first-hand information.)
6. The American economy offers a wide variety of goods and services from which to choose.	6. Ask each student to bring ads from newspapers and magazines to show the wide variety of coats or some other commodity on the market. Based on claims in the ads, have children tell which coat they would choose and why.

NEED FOR AN ECONOMIC SYSTEM

Goal:

To apply the basic economic questions to any model of an economic system.

Objective:

Given 20 statements about economic systems, 80 percent of the students will check the 12 statements that are true.

EXAMPLE: 1. Every economic system must determine what goods and services it must produce.

2. In a command economy the decision of for whom to produce does not have to be made.

3. The economic decisions made by economic systems are influenced by the culture of the people.

ECONOMIC IDEAS	ACTIVITIES
1. Every economic system must determine what goods and services will be produced.	1. (What) Students might study a tribal society having a traditional economic system for the purpose of comparing goods and services produced in that system with those produced in a competitive free enterprise system. For example, compare the goods and services produced by tribes in early Texas with economic goods and services produced in Texas today. Discuss why consumer goods are de-emphasized in Russia and China today while capital goods and military equipment receive greater emphasis. Who makes these decisions?
2. Every economic system must determine how goods and services will be produced.	2. (How) Have students make a survey to determine how natural resources in Texas are being converted into consumer goods. For example, what is now being manufactured in Texas that was once produced in the home or was not produced at all? In what economic system (traditional, centrally directed, or free enterprise) should you most likely find a slave labor camp? In which system would the method of production vary least over the years?

ECONOMIC IDEAS	ACTIVITIES
	Note the importance of a profit incentive for saving and investment by American citizens.
3. Every economic system must determine for whom goods and services will be produced.	3. (For Whom) Problem Situation: The Jones family of four has an income of $10,000 a year; the Smith family of four has an income of $20,000 a year. Ask the students which family is able to buy the most goods and services. How do families get dollars? How is this process related to the kind of economic system we have? Note that the free enterprise system provides opportunities for each individual to improve his or her income status through innovative productive inputs. Consider the life story of several people who have achieved wealth after having been comparatively poor. Whom would you expect to receive most of the wealth in a centrally-directed economic system?
4. Economic systems have always varied widely because of differences in cultures, governments, and technology.	4. Divide students into small groups (four or five in a group). Name countries or areas having different cultural backgrounds (e.g., in religion, social activities, and education) as well as different forms of government. Have each group study a different country or area to find out: (a) Is education available for all people or only the wealthy? If so, is it provided by private or public funds? (b) What job opportunities are available? (c) What government aid is available for the aged, the unemployed, and orphaned? (d) To what extent does the government control the production and distribution of goods and services? (e) Note special cases; e.g., people in India not eating sacred cows and certain religious groups who will not ride in automobiles or use tractors for farmwork.

ECONOMIC IDEAS	ACTIVITIES
5. Economic systems have tended to fit one of the following categories: traditional, centrally directed, or free enterprise.	5. Help students recall what they have learned and have them insert appropriate names of countries in the following chart on economic systems (perhaps after listing the major characteristics of each system). TRADITIONAL CENTRALLY DIRECTED (Totalitarian) FREE ENTERPRISE

Goal: CONSUMPTION

To understand that consumers must make choices since they do not have enough resources to satisfy all of their wants.

Objectives:

A. Given a sample budget for economic spending on the basis of $1.000 per month income for a family of three, 80 percent of the students will write or express orally a minimum of two sentences telling what is correct or incorrect about the budget.

EXAMPLE: BUDGET FOR FAMILY OF THREE WITH $1.000 INCOME

Goods and Services	Expenditures
Housing	$400
Utilities	$125
Food	$200
Clothing	$100
Car payment	$150
Gas, oil, repairs	$ 75
Entertainment	$ 25
Miscellaneous	$ 50

(Income is not encough for expenditures)

B Given 20 items about consumption, 80 percent of the students will correctly check the 12 true statements.

EXAMPLE: T 1. Not all consumers are producers. F 2. Capital goods satisfy con...

ECONOMIC IDEAS	ACTIVITIES
1. There are not many noneconomic (free) goods available for consumption. (These goods in the natural state are available in such quantity that they are free to the consumer.)	1. Have students list goods they consider free to them (e.g., water, air, scenic area). From this list, have students discuss situations in which these goods cease to be free because of a change in their use. For example, scenic areas when made into parks require upkeep and are no longer free—someone must pay.
2. Many people earn money income by producing consumer goods and services for the market, but not all consumers are producers.	2. Students might report on the occupations of members of their respective families, and indicate why the particular occupation was chosen. Discuss why every consumer is not a producer.
3. In the long run, family consumption can be no greater than family income.	3. Have students prepare budgets for different hypothetical families of varying sizes and varying levels of income. In addition to various household and transportation purchases, consider also insurance, charity contributions, interest payments, savings and investment, recreation, etc. Have a local money lender describe to the class how some families overextend themselves in debt until they are unable to make monthly payment and thus lose the item purchased. Discuss the pros and cons of renting versus buying housing under various family circumstances.
4. The consumer has certain, specific legal protection and remedies in federal, state, and local laws.	4. Have the students research consumer protection laws; e.g., Texas' Uniform Credit Code and the Federal Pure Food and Drug Acts.
5. Spending creates jobs for people who produce consumer goods and services.	5. Have students consider what would happen to workers employed in a local store, ice cream parlor, or grocery store if customers suddenly decide to shop elsewhere.
6. Consumer preferences for specific goods and services vary within and among societies.	6. Divide the class into several small groups, each representing a family in some specific area of the world (or region of the United States). Have student groups read and study about the needs of people in their assigned region and then role play how wants differ among families in different regions.

PRODUCTION

Goal: PRODUCTION

To understand the concept of production and to identify the resources needed for production.

Objective:

Ninety percent of the students will list with 100 percent accuracy three examples under each of the following categories: land, labor, capital, entrepreneurship.

ECONOMIC IDEAS	ACTIVITIES
1. Production of any economic goods requires natural resources, capital resources, and human resources (labor).	1. Have students role play the production of some economic good for sale to the public (e.g., hamburgers or lemonade). Note the need of facilities and utensils (capital); land and raw materials (basic ingredients); and labor (including both management and other employees).
2. Natural resources are the land and "raw materials" used in production.	2. Have students identify various natural resources and find products made from them for consumption. Displays would be effective showing these relationships; e.g., wheat and bread; clay and pottery; hide and shoe; wood and desk; petroleum and gasoline or plastic product, electricity, etc.; iron ore and model car, airplane, or ship. Consider the major natural resources available in the local community and the state. Study the impact of these resources on the economic development of the respective areas.
3. Capital resources—tools, machines, factories—help produce goods and services better and faster.	3. Students list the various tools, equipment, and buildings necessary for the production of the items discussed in Activity 2 above. Role play some of the stages of production from ra· materials to the finished product.
4. Labor—human resources—is one of the most important resources in production and involves all types of workers.	4. Students discuss the various categories of labor necessary for the production studied in Activities 2 and 3. List these and other job categories on wall charts. (In addition to operative workers with specialized skills, there will be various categories of managers and also related specialized functions; e.g., financing, insurance, transportation, storage, and selling involved in making economic goods available to consumer.) Consider the level of

ECONOMIC IDEAS

5. Entrepreneurship is sometimes called the fourth necessary factor of production. An entrepreneur takes a business risk in hopes of making a profit. However, many business ventures are not successful.

6. New or expanding business and industry in a community will provide for new jobs, expand the overall level of business activity, and generally raise the standard of living of local citizens.

ACTIVITIES

education and training necessary to perform the various jobs that are discussed.

5. Students should interview a local business person who has recently opened a new firm in the community. Find how much is invested and why the new firm has been established in this community. Next inquire about businesses that have not been successful in the community and why they failed. Study the lives of important local, state, and national entrepreneurs; e.g., John D. Rockefeller, Henry Ford, Ross Perot, Jon Ericson.

6. The following activities (in conjunction with taking field trips and hearing guest speakers) should help students understand the importance of industrial development in their community.

   (a) Students list all of the major industries in their community. (Rural students may wish to consider neighboring cities, e.g., the "trade center" of their area.)

   (b) Students consider how a new firm hiring 500 workers with families would affect businesses such as grocery stores, service stations, and furniture stores in the community.

   (c) Students consider additional demands on community services such as schools, hospitals, fire and police protection, roads, utilities, and waste disposal when a comparatively large firm moves into the community. Do the additional benefits derived from additional jobs outweigh the additional costs the city must assume? What are the social costs in terms of air and water pollution?

   (d) Students analyze the assets and problem areas of their community for attracting new industry, and then consider the types of industry that would be most compatible with their local resources. (The local Chamber of Commerce would be glad to assist the class with this study.)

ECONOMIC IDEAS	ACTIVITIES
7. Managers strive to organize and direct efficient allocations of natural resources, capital resources, and human resources in the production process.	7. Have the class work through the steps required to begin a small retail or manufacturing business such as is done by "Junior Achievement Programs" in some communities. Among the many possibilities would be a hamburger stand, a school store, or a pet shop. Consider expected production cost, the product selling price, and expected volume. This exercise should point up the important role of management in organizing and directing the most efficient mix of natural, human, and capital resources for profitable business operation.
8. All resources are limited, but some resou ces are relatively more scarce than others in different societies.	8. Students select an underdeveloped country to study. Ask students to identify some of its economic resource problems. Example: India has a comparatively large population, but the majority of its people have little training and there are relatively few natural and capital resources. Students prepare graphs of five or six leading countries of the world showing their natural resources such as coal, oil, water, etc. Students investigate and report the influence of human resources on production in those countries. To what extent is advanced technology applied in production; e.g., road-building, textile manufacturing, farming, etc? Compare the types of industries in these countries with industry types in the U.S. and explain the difference.

Goal: THE ROLE OF MONEY

To understand the role of money in an industrialized economy.

Objectives:

A. Given a poster of a small farming operation in a developing nation and a poster of a large, commercial farming operation in an industrialized nation, 80 percent of the students will arrange the following items under the proper poster.

(Some items may be used under both posters.)

1. Not much income for owners of resources
2. Many savers
3. Better capital goods
4. Human resources
5. Income high enough that people save
6. Money is available for producers to borrow
7. Investment or capital information
8. People are poor

B. Given 10 items concerning financial institutions and money, 80 percent of the students will underline the five that are true.

EXAMPLE: Banks and credit unions are businesses that provide loans, and safeguard money.

Banks also handle demand deposits.

ECONOMIC IDEAS

1. Saving makes funds available for capital formation.
2. Spending of savings for capital formation is called investment. Investment provides for better tools and equipment to produce more and/or better consumer goods and services in the future.

ACTIVITIES

1. Have the students gather information about capital tools and machines
& that have made it possible to produce more consumer goods or services.
2. Consider equipment used for work in the home as well as the business world. List these items and then discuss the essential role of savers and investors who provide the necessary production of this equipment.

Discuss why it is difficult for saving and investment to occur in underdeveloped countries; e.g., Nigeria, Ethiopia, and India where many people earn hardly enough for bare subsistence.

ECONOMIC IDEAS

3. The process of savings requires giving up present consumer goods for future goods. However, savers may receive interest or dividend payments for the use of their money.

4. A bank is a business that receives, lends, exchanges, and safeguards money. Other financial institutions such as savings and loan companies also perform a specialized role in making savings available for lending.

ACTIVITIES

What capital good would be important for each of the following persons:

(a) seamstress	sewing machine
(b) salesperson	automobile
(c) paper carrier who carries heavy bundles on route	motor bike or bicycle
(d) person who mows lawns	power mower
(e) secretary	electric typewriter

Note that the bicycle would be a capital good for the paper carrier because it is used to produce an economic service. (The bicycle would be a consumer good if the owner used it only for pleasure.)

Have the students list new capital goods that they believe will be developed to produce consumer goods and services in the future. Beside each item students indicate whether they would be willing to invest some of their personal savings in companies that would try to produce these capital goods. Discuss the risk involved in all business investments.

3. & 4. Students list the various ways they might earn income by letting others have the temporary use of their savings (e.g., banks, savings and loan companies, credit unions, businesses, and individual borrowers). Then discuss the following:

(a) To what extent would the savings be guaranteed against possible loss?

(b) Would the proposed borrower be prepared to negotiate great numbers of loans from small lenders to get the amount needed?

(c) To what extent would the saver be able to get the money whenever additional funds were needed?

(d) Can the saver be assured of a definite amount or rate of earnings?

(e) Why not invest directly in a business?

(f) Why not invest via the stock market?

ECONOMIC IDEAS	ACTIVITIES
	From these questions and related discussion, it should become clear that financial institutions serve an important intermediary role. They receive comparatively small amounts of savings from individuals and accumulate these dollars to make higher risk loans that their specialized staff officers are able to evaluate better than would be possible for most individuals to do. These institutions strive to earn enough income from their investments to pay operating costs, interest, or dividends to savers and still have a satisfactory level of profit. After studying the functions of various financial institutions (perhaps via field trips and/or visiting speakers), have the class role play how savings are channeled from individuals into the mainstream of investment in the business world.
5. Credit enhances economic growth.	5. Students contact local automobile and realty agencies to determine what percentage of people buy cars and homes on credit. Consider implications for automobile maufacturers. Confer with several local business people to see how many depend on some form of credit in their operation. Check with home appliance stores to find what percentage of their customers buy refrigerators, washing machines, and television sets on credit. From these discussions, it should become clear that the advanced system of mass production in the U.S. would not have been possible without credit. People are able to buy homes and high-cost appliances on credit and enjoy using them while making the "easy" monthly payments.
6. To shop effectively for the best possible finance terms, a borrower must understand the interest cost of credit.	6. Students explore the various sources for borrowing money in the community and report on the different interest rates that are charged. Discuss why different institutions find it necessary to charge different rates. Does each of the lenders provide an important service for certain categories of borrowers? Have students work problems to determine the impact of interest rates on borrowing costs.

ECONOMIC IDEAS	ACTIVITIES
7. Most money available in American banks for immediate use is in the form of demand deposits (checking accounts).	7. Students ask a local banker for information on the approximate value of currency and coins in comparison with the value of checking deposits in the bank on a particular day. Inquire about the common problems depositors have with their checking accounts and about the check clearing procedure when a depositor makes a check payment to someone in a far away city. Ask about depositors' protection under FDIC.
8. The value of money is reflected in the quality and the quantity of goods and services that it will buy.	8. To illustrate that money has no intrinsic value, have the students discuss the following situation: You are on a deserted island with 100 dollar bills. What good is this money to you? (a) You are hungry. Can you buy food? Can you eat the money? (b) You need warm clothing. Can you use the money to buy clothing? (c) Will it protect you from the sun, rain, wind? (Note: Money is only a claim on goods and services that are for sale.) To recognize price changes and relate the value of money to the quality and quantity of commodities, have students compare prices of a few items now with the prices of these same items 10 years ago and 20 years ago. They may secure this information from parents or local merchants. Note that the quality of some manufactured products such as automobiles, television sets, and refrigerators may have imporved. Since a dollar today will buy less than it would 20 years ago (a condition economists term *inflation*), what are the implications for people who have held savings in checking accounts without earning any interest income for several years?

THE MARKET ECONOMY OF THE UNITED STATES

Goal:

To identify the components of a modern free enterprise market economy and to understand how those components are interrelated.

Objectives:

A. Given a simple model of the flow of goods, services, and money in a market economy, 80 percent of the students will explain or write, in a minimum of two sentences, why this is a model of a market to the satisfaction of the teacher.

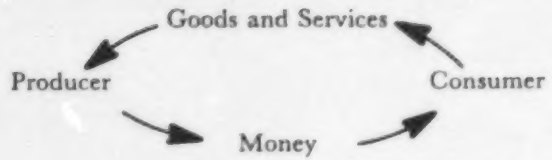
B. Given the terms: effective demand, supply, competition, market price, 80 percent of the students will write an example of the term from the business world.

EXAMPLE: Effective demand: people selecting and paying for cars, gas, clothing.

ECONOMIC IDEAS	ACTIVITIES
1. The utility of a good diminishes as the user consumes more and more units of that good.	1. Discussion questions for students: What would you do if at Christmas time or on your birthday you received two of the same things; for example, two pairs of skates, two bicycles, two sweaters exactly alike? In each case, would you be more thrilled when you received the first item or the second item of the pair? Assume your mother has baked a fresh pie and told you to eat as much as you wish. Which would taste best—the first, second, or third piece? Which piece would you enjoy least? Discuss this diminishing utility of additional units of production as an important reason why the price must be reduced if more and more units of a particular good are to be sold at one time. If twice as many cars had been produced last year, what probably would have happened to car prices?

ECONOMIC IDEAS	ACTIVITIES
2. Market prices serve to ration and to allocate available goods and services.	2. Discuss the way prices served to control the distribution of color television sets during the first year they were produced (i.e., their prices were comparatively high, and few people bought a set at that time; however, as more sets became available, competition forced a reduction in prices).
3. Laborers exchange their services in the market place for income in the form of salary, wages, or fees.	3. Ask any students who do part-time work to explain the nature of their em-
4. In the market, the price paid for the use of land is called rent, and the price for the use of money is called interest.	& 4. ployment and the income received. Ask how much they would charge for the following services: (a) mowing a yard (b) delivering newspapers for a week (c) sewing doll clothes (d) babysitting Discuss how supply and demand forces serve to establish market prices for different labor services just as these same forces result in prices for a multitude of consumer goods. Supply and demand forces also determine the price of rent and the level of interest. Consider what would happen to rental prices in a town experiencing a great economic boom with much new industry.
5. Goods produced by business must be sold to consumers to provide money for the next round of production. If the business person correctly forecasts effective consumer demand and the cost of production, a profit is made. If the increase is incorrect, the business suffers a loss. This circular flow in the market mechanism can be illustrated as follows:	5. To illustrate the circular flow of money, goods, and services, have the class discuss and perhaps chart the purchases consumers make at local businesses during a given period of time and the business use of this income to make more goods available for consumption. Discuss the many marketing functions that may be involved in moving goods from producer to consumers (transporting, financing, storing, insuring, selling). To inject a marketing problem into the producer's role, suppose class members (as producers) had a successful bake sale one sunny Saturday with consumers buying everything produced. Then suppose that with the money received, the class pays its bills and bakes twice as many items for sale the following

ECONOMIC IDEAS



6. The action of business firms competing to sell similar products tends to lower market prices.

7. In providing a few basic services, the government modifies the role of the market to provide for the common welfare more effectively.

ACTIVITIES

Saturday, but bad weather keeps consumers at home. Discuss what can be done about the unanticipated loss resulting from this calamity. How would students forecast production for the next sale?

6. Have the students discuss what they would charge for the bake items (Activity 5) if another class were to have a bake sale in the same locality.

7. Discuss why we do not rely on the market economy to provide our needs for education, police and fire protection, regulatory measures, and the courts.

ECONOMIC ROLE OF GOVERNMENT IN THE AMERICAN ECONOMY

Goal:

To understand the role and limits of govenment in a modern free enterprise economy.

Objective:

Given 10 problems about economic activity, 80 percent of the students will check the six situations where govenment might help in a modified free enterprise economy.

EXAMPLE: The government protects the ownership and use of private property.

Government issues copyrights to protect authors.

Government owns most of the productive resources.

ECONOMIC IDEAS	ACTIVITIES
1. Local, state, and federal governments produce both goods and services.	1. Students prepare separate bulletin board displays showing goods and services provided by the city government, the state government, and the federal government. Discuss why these goods and services were not produced by private business for all the people.
2. Government goods and services are provided primarily through taxation, but individual citizens do not all pay the same amount of taxes.	2. Invite a tax assessor to talk to the class about ways in which property taxes are assessed, collected, and spent. Consider whether property tax is an expense to people who rent their homes. Have the class determine the major governmental uses of funds from the sales tax and income tax and consider the relative effect of each tax on high-income vs. low-income people.
3. Capital goods purchased with tax money are publicly owned for use by all citizens.	3. Given a list of goods such as the following, have the students categorize the items under the headings Publicly Owned and Privately Owned: (a highways, (b) family automobile, (c) school, (d) fire department, (e) furniture, (f) vacation, (g) parks, (h) libraries, (i) army, (j) zoos, (k) dams, (l) family houses, and (m) telephones.

ECONOMIC IDEAS	ACTIVITIES
4. Society may modify the market system by regulating business activity. Government provides checks against unfair trade practices, economic discrimination, monopoly, and other acts contrary to the general welfare. Recent attention has been given to consumer protection.	4. Ask students to give examples of ways in which government regulates business activities. Consider the pros and cons of regulations such as the following: (a) bank examinations, (b) Consumer Credit Codes, (c) meat inspections, (d) price regulations or controls, (e) food and drug inspections, (f) government licenses to engage in business, and (g) oil production quotas.
5. The government protects ownership and use of private property.	5. Have students read newspapers and interview parents and neighbors to find out how the government protects private property. In addition to basic police and fire protection, consider also patents, copyrights, insurance of savings deposits, property titles, and other legal protections for the property holder.
6. The degree of government participation in our market economy is largely determined by the people. As the needs and wants of the people change, the role of government changes.	6. Discuss with the class the broad aspects of rules in relation to individual freedom. Note, of course, that some rules (such as stop signs) become essential as an economy develops and becomes more complex. Point up the student's future responsibility in shaping the role of government. Perhaps have students debate the pro and con positions concerning a particular governmental regulation.

ECONOMIC GROWTH AND PRICE STABILITY

Goal:

To identify the elements that contribute to the growth of a nation.

OBJECTIVE:

Given 10 items about an economy, 80 percent of the students will write growth beside each item that indicates growth.

EXAMPLE: Production must exceed population increase. (growth)

The basic needs of people are food, clothing, and shelter.

When there is more income than is needed for consumption, people tend to save. (growth)

ECONOMIC IDEAS	ACTIVITIES
1. The basic needs of food, clothing, and shelter are a primary concern of individuals, families, and cities. Only after these basic needs are resolved can attention be given to achieving economic growth.	1. Students discuss, role play, write stories, and/or prepare murals dealing with the following problem situations. (a) Robinson Crusoe is shipwrecked on a Pacific island without food, extra clothing, or shelter. He has no tools or equipment. How would his first days on the island be committed to survival? Then after he learns to survive, how might he "save" some time for making capital goods such as a fishing net, game trap, etc., so that he can become more productive and enjoy a better life? (b) A poor working man, 35 years of age, with little education and no special skills can only do manual labor such as yard work and similar jobs under close supervision. The pay scale is very low for such work in his small town, and he has difficulty finding enough employment to pay for the most basic needs of his family. What can he do to improve his productivity and to earn more income?

ECONOMIC IDEAS	ACTIVITIES
	(c) Starvation City is plagued with the problem of not having enough food for its fast growing population. Every day some people die of starvation. The people work hard at menial jobs when they can find employment, but population is expanding faster than the city's growth in production so that the standard of living keeps falling lower and lower. There is little or no investment in new economic enterprises because virtually all income is immediately spent for basic food and shelter. What can Starvation City do to provide a better future for its people? Why is the standard of living higher in cities in America than in many other countries?
2. A society must produce goods and services at a faster rate than its population increases if it is to improve the standard of living of its people.	2. A group of 10 students may role play the citizens of an entire country. Distribute to these students 10 (actual or hypothetical) apples representing the country's production of all goods and services (gross national product) for a year. Observe the average production per citizen. Then add 10 more students (assuming a population increase) and five more apples representing increased gross national product. Distribute the 15 apples to the 20 students and have the class compute the new average production per citizen to demonstrate the effect of population increasing faster than GNP. Divide the class into groups to study the economic development problems of certain underdeveloped countries such as Bangladesh, Ecuador, and Peru where population has grown faster than GNP for many years.
3. The quantity and quality of human resources are important for economic growth.	3. Some students could find out the average educational attainment of citizens in the underdeveloped countries studied in Activity 2. What percentage of the people are illiterate? Perhaps also consider other factors such as health, sanitation, and nutrition. What are the major occupations of people? What are their goals in life? Consider how the educational level and the achievement motivation of American citizens have contributed to the productivity of this country. Discuss how education in America could be made more effective.

ECONOMIC IDEAS

4. To maintain their productivity, business organizations must set aside part of current earnings for replacement of capital that wears out or becomes obsolete.

5. In the United States, more income is earned than is spent for consumption. The difference (savings) is available for investment in new capital (production facilities).

6. Inflation takes place when spending increases faster than production. Depression results when there is a considerable drop in production, and great numbers of people cannot find employment.

ACTIVITIES

4. Have the class prepare a short list of equipment in various-size organizations such as a laundry, a road construction firm, an automobile manufacturer, and an aerospace manufacturer to observe the importance of continually providing for new, improved equipment. Students might write or visit these firms to determine their provision for depreciation and obsolescence of equipment.

   Consider what would have happened to production in agriculture if farmers had been unwilling to replace work horses with tractors. Role play the impact on the labor force (both on the farm and in the new tractor manufacturing industry) that resulted from this capital investment in agriculture.

5. Have small groups of students consider why underdeveloped countries have not invested in more capital to improve their productivity and thus raise their standards of living. Ask for recommendations on how these countries might develop faster. During reporting sessions, keep in mind the level of per-capita income, education, and "social capital" such as roads and utilities, as well as government instability in many of the countries being studied. Then consider the importance of maintaining incentives for capital investment in the American economy.

6. Have students compare the average increase in prices in the United States with increases in other countries—including Brazil, Peru, and Italy that have suffered from serious inflation. Ask the students to get information from their parents about how prices have increased during the last 15 years. Have students interview laborers, retired people, and others to learn about the effect of inflation.

   (a) To demonstrate how inflation occurs, have a group of 10 students role play the citizens of an entire country as in Activity 1. Issue these students $10 of play money to represent the country's spending for a year. Then, use 100 apples to represent GNP and have the students bid for the apples. Have the students compute the average cost of each unit purchased. (Answer: 10 cents each.)

ECONOMIC IDEAS	ACTIVITIES
	(b) Then assume an increase in production to 150 units (represented by apples) and an increase in the money supply to $18 (in play money). Issue the money, and have the students (citizens) bid for the product. Then compute the average price per unit as above. Because spending increased faster than GNP, the price per unit will have increased. (Answer: 12 cents each.)
	(c) Then assume an economic depression follows with production falling, workers losing their jobs, and much uncertainty about the future. Issue 25 apples and a money supply of $7.50. Hold the bidding again, but warn the bidders that they won't want to spend all their money because they may not have a job next year and savings may be needed to feed and clothe their families. The result should be difficulty in selling the product and still further depression of the economy.
	(d) Have the class explore ways to remedy the price inflation in (b) and the depression in (c). Consider changes in interest rates, availability of credit, levels of taxation, and special government projects such as the WPA in the 1930s.
7. Research and development has been a decisive factor in improving the technology and managerial efficiency of our economy.	7. Have committees of students do the following:
	(a) Read about the life of Henry Ford and Eli Whitney to determine how the assembly line for car production and the interchangeable parts for gun production improved efficiency in producing not only these two goods, but many other items as well.
	(b) Do research on the application of automation in the space projects, the oil industry, and other areas.
	(c) Read about developments in agriculture that followed the Morrill Act which established land-grant colleges for agricultural research and development. Discuss the impact of the windmill, barbed wire, the reaper, and the steel plow. How have technological developments changed job requirements? What do these changes mean to a Texas student who is thinking, "What will I do when I grow up?"

ECONOMIC IDEAS	ACTIVITIES
8. Planning and effective leadership are important for the orderly and dynamic growth of cities.	8. By means of readings, and/or visiting classroom speakers, students examine the function of officials such as the following who coordinte the orderly growth of cities: the mayor, city manager, city planner, chamber of commerce personnel, officers of industrial development organizations, and the school superintendent. It should become clear that orderly city growth requires the cooperative efforts of many community leaders as well as positive support from the other local citizens. Discuss clean-up projects; street and park improvements; and/or cultural developments (such as a theatre center, an art museum, or a renovated historical site) that would make a local city more attractive and enjoyable. Consider why these improvements have not already been made and how they might be accomplished. Have the students analyze real or hypothetical case problems such as the following and recommend solutions. (a) Slowpoke Town is located in an isolated area of the state far away from the main arteries of transportation and with no industry other than farming in the surrounding countryside. Both population and per capita income have been decreasing steadily, and most business people barely earn enough money to cover their living and business expenses. What is the future of Slowpoke? Should local businesses, schools, and churches move on to a larger, developing trade center? (b) Topsy City has grown with very little planning or direction. The population of several hundred thousand people has difficulty in getting to and from work because the streets are jammed with vehicles and the city bus service is undependable. Local industry has been thriving for decades but with little concern about pollution, so the streams are contaminated with chemicals and refuse and the air is foul with smoke, dust particles, and a strong odor. Residential housing and industrial sites are intermingled with no clear boundaries of demarcation. The population congestion causes many citizens to long for the "open

spaces." The downtown "central city" has many old vacant buildings, and the incidence of crime has been increasing. What plans should have been made long ago for the orderly growth of Topsy City, and what can be done now?

THE UNITED STATES AND THE WORLD ECONOMY

Goal:

To Understand the terminology of international trade.

Objective:

Given 10 terms concerning international trade and 18 statements, 80 percent of the students will match a statement with each of the appropriate terms with 100 percent accuracy.

EXAMPLE: export (2)

1. Items sold to other countries
2. Items bought by other countries

ECONOMIC IDEAS	ACTIVITIES
1. Total output of goods and services is increased if the United States and another country both specialize in producing those products for which their resources are best suited and then trade with each other.	1. Have the students study the economy of three countries other than the U.S. and make a scrapbook of information about the major products the countries export. The students will discuss or write reasons for these exports (e.g., abundance of resources. superior technology, surplus production, and/or suitable climate for growing certain crops).
2. International trade is a two-way exchange consisting of both imports and exports.	2. Have students make pictographs showing the exports and imports of the U.S. Role play the importing of watches from Switzerland and the exporting of cars, cotton, and petroleum to that country.
3. Access to foreign currency evolves from international trade. From its exports, the United States obtains foreign currency to pay for its imports. Similarly, it is from their exports of goods to the United States that other countries obtain U.S. dollars to pay for goods they buy from us. Sellers in each nation prefer to be paid in their own country's domestic currency.	3. Have a local businessperson explain procedures followed in selling products to buyers in other countries and being paid in American dollars.

ECONOMIC IDEAS	ACTIVITIES
4. The flow of investment by American business to both the developed and underdeveloped countries has increased rapidly in recent years.	4. Ask students to research American investments in underdeveloped countries and find out how these investments (e.g., new oil fields or manufacturing enterprises) affect our own economy.
5. Barriers to trade may take the form of cultural and social differences as well as artificial trade barriers such as tariffs and different monetary systems.	5. Students working in pairs or committees may research and contrast cultural differences between modern societies such as (a) India, (b) Nigeria, (c) Indonesia, (d) Peru, (d) Kenya. They will then report how these cultural differences serve as barriers to international trade.
	6. Have the students define tariff and quota restriction and discuss the pros and cons of these impediments to free trade among nations.

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Barter	The direct exchange of one commodity or service for another without the use of money.
Budget	A plan which classifies individuals', families', communities', or nations' estimated income by source and the way the income was or will be spent within a fixed time period.
Capital good	A good such as a tool, machine, or factory used in the production of other goods.
Centrally directed economy (Command economy)	A system by which the decisions of what goods and services are to be produced, by whom, how, and for whom are made by an individual or a small group. Typically the resources are owned by the people as a whole.
Coins	Metal items used as money.
Collective wants	Goods and services that members of a society seek together; for example, streets, parks, and education.
Commercial bank	A financial institution whose primary function is to accept demand deposits and extend loans to individuals or businesses for a relatively short time.
Competition	A situation in which two or more producers each seek to gain an advantage over the other(s) with similar products or services in the market.
Consumer goods	Goods used directly in satisfying human wants.
Consumption	The utilization of goods and services to satisfy human wants.
Credit	A promise of future payment in exchange for present goods, services, or money.
Currency	Paper bills used as money that are issued by government or its agent.
Demand deposits (checking accounts)	Money placed in commercial banks upon which checks can be written.
Depression	A situation that extends over a relatively long time period when business activity is exceptionally slow. Main traits of the period are low prices, low profits, low production, and high unemployment.

Dividend	Payments to owners of corporate stock from net income as authorized periodically by the corporate board of directors.
Economic freedom	The principle that individuals have the right to choose their own jobs, to buy and sell property, and to enter into or dissolve a business.
Economic goods	Things people, families, communities, and nations are willing to pay for. Economic goods are relatively scarce.
Economic growth	An economic condition that exists when members of communities, regions, and nations are steadily better able to satisfy their wants.
Economic services	Services people are willing to pay for. The work of people such as teachers, repairers, and doctors that satisfies the wants of individuals, families, communities, and nations.
Effective demand	At a given time, the quantities of goods, services, and resources purchasers are able and willing to buy at all possible market prices.
Efficiency	To make the best possible use of available resources. Efficiency is usually measured by the per unit cost of goods and services, or the productivity of resources.
Entrepreneur	The business person who not only has the know-how of combining resources to produce goods and services but also is willing to risk making either a profit or a loss.
Exports	Outflow of goods, services, and resources produced by individuals and businesses of the United States and sold to residents, businesses, or governments of another nation.
Federal Deposit Insurance Corporation (FDIC)	A public corporation created by the U.S. Government in 1933 to insure deposits in banks and thereby protect depositors against loss in case an insured bank fails or suspends payments to depositors. Each deposit is insured up to $100,000.
Federal Reserve System	A system of federal banks, one in each of 12 federal reserve districts of the country, a Board of Governors, a Federal Open Market Committee, a Federal Advisory Council, and member banks that include all national banks and such state banks that have voluntarily applied for membership. The primary function of this system is to control the nation's money supply.

Financial Institutions	Businesses such as banks; credit associations; and savings and loan, insurance, and mortgage companies engaged in the economic activity of borrowing savings of individuals and businesses and, in turn, lending the monies to other individuals and businesses.
Free enterprise economy (private enterprise economy)	An economic system featuring private ownership of property, the profit motive to stimulate production, competition for efficiency, private ownership of resources for production, and consumer direction through market purchases of goods and services.
Gross National Product (GNP)	The money value of all goods and services produced within a country during a specific period of time, usually a year.
Imports	Inflow of goods, services, and resources produced by businesses and individuals of another nation and purchased by residents, businesses, or governments of the United States.
Income tax	A tax on the net income of individuals or corporations, usually with progressive rates. The most important source of federal revenue.
Inflation	A widespread rise in the prices of goods, services, and resources.
Installment credit	Credit granted for goods or services purchased on terms that call for partial repayments with interest over a specified time period.
Interest	Payment for temporary use of money owned by someone else.
Investment	Purchase of capital goods and/or additions to inventory. (Economists' terminology relative to the meaning of this word varies. When an individual buys stock, this is considered by economists as a financial transaction. When a business purchases additional machinery or adds to its inventory, this is considered to be investment.)
Labor (human resource)	One of the factors of production. Human effort in the production of goods and services.
Loss	When business expenses are greater than income, the difference is a loss.
Market	Any situation in which exchange takes place. In an advanced economy with modern communications and marketing systems, the buyer and producer of goods and services may never meet face to face.

Money	Checks, coins, or currency acceptable as final payment for resources, goods, or services.
Monopoly	A market situation in which there is only one seller of a product and there are no acceptable substitutes.
Natural resources	Things created by nature that are usable in the production of goods and services.
Opportunity cost	Since resources, goods, and services may be used in many different ways to satisfy wants, the real cost of using resources to satisfy one particular want is giving up the other uses we might make of these same resources.
Production	The process of engaging in any kind of activity that adds value to goods and services, including creation, transportation, and storage. It also refers to the amount of goods and services that comes forth and in this sense is equivalent to output.
Profit	Income remaining after all costs of operating a business are paid. (Economists consider profit a return to entrepreneurs for incurring risks.)
Property tax	A government tax on property owners that is based on the value of their tangible property. The property value is determined by government assessors.
Public goods	Goods provided by governments that help satisfy the collective wants of people. Examples would be schools, highways, and parks.
Quota	Share, allotment, or limit governments place on goods that may be exchanged through international trade.
Rent	Periodic payments to owners for the use of their land, buildings.
Resource allocation	The blending of land, labor, capital, and entrepreneurship in the production of goods and services.
Sales tax	A government tax computed as a percentage of the sales price of economic goods.
Savings	That part of income not spent for consumer goods; also, the retained earnings of businesses.
Scarcity	

Sherman Anti-Trust Act	The universal condition of people wanting more goods and services than they can have because of limited resources.
Specialization	Act passed in 1890, that prohibits combinations or conspiracies in restraint of interstate trade and forbids monopolies or the attempt to monopolize.
Stability	A situation in which individuals confine their activities to making a certain part of a good or in which a nation confines its activities to making particular goods or services best suited to its resources.
Supply	An economic condition that exists when over a period of time the same amount of money buys the same amount of resources, goods, and services. Prices stabilize.
Tariff	At a given time, the quantities of goods and services owners are able and willing to offer for sale at all the possible market prices.
Technology	A schedule of set charges by a government on goods imported or exported. In the United States, usually only imported goods are affected.
Time deposit	The ability to use resources with increasing efficiency to produce goods and services.
Trade deficit	An account (savings deposit) in a bank that earns interest; however, checks cannot be written against it.
Underdeveloped country	In international trade, a condition where the money value of a country's merchandise imports exceeds the money value of its merchandise exports for a specific period of time.
Utility	A country that is not fully using the economic potential of its resources, thus the per capita income usually is relatively low when compared to industrialized nations.
	The ability to satisfy a human want or desire.

COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

(1) acceptance policies on student transfers from other school districts;

(2) operation of school bus routes or runs on a non-segregated basis;

(3) nondiscrimination in extracurricular activities and the use of school facilities;

(4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;

(5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;

(6) nondiscriminatory practices relating to the use of a student's first language; and

(7) evidence of published procedures for hearing complaints and grievances.

In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964; EXECUTIVE ORDERS 11246 AND 11375; TITLE IX, 1973 EDUCATION AMENDMENTS; REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; AND VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

It is the policy of the Texas Education Agency to comply fully with the nondiscrimination provisions of all federal and state laws and regulations by assuring that no person shall be excluded from consideration for recruitment, selection, appointment, training, promotion, retention, or any other personnel action, or be denied any benefits or participation in any programs or activities which it operates on the grounds of race, religion, color, national origin, sex, handicap, age, or veteran status (except where age, sex, or handicap constitute a bona fide occupational qualification necessary to proper and efficient administration). The Texas Education Agency makes positive efforts to employ and advance in employment all protected groups.